NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

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CALIFORNIA STATE TREASURER ANGELIDES CALLS ON CALSTRS TO SELL ITS PETROCHINA HOLDINGS

In Wake of Recent Environmental Disaster, Treasurer Says Company's Conduct and Operations Pose Unwarranted Risk to State Pension Fund

SACRAMENTO, CA – California State Treasurer Phil Angelides today called on the California State Teachers Retirement System (CalSTRS) to sell its holdings in PetroChina Co., Ltd. after a disastrous explosion at a PetroChina plant in China that resulted in five deaths and released carcinogenic chemicals into the air and into a river that provides water to more than 3 million Chinese residents. News reports indicate that the company and the Chinese government, which holds the vast majority of PetroChina's stock, covered up the fact that the water contamination existed until 10 days after the deadly explosion. PetroChina also has longstanding ties to the Sudanese government, which has supported genocide in the Darfur region of Sudan.

In a letter to CalSTRS Chief Investment Officer Christopher Ailman, Angelides wrote, "As a CalSTRS trustee, I believe that PetroChina's corporate conduct, operations, and lack of shareholder rights subject our pension fund to unwarranted risk."

Even before the dangerous toxic spill, PetroChina has been publicly linked to the government of Sudan which has engaged in war crimes and systematic attacks against civilians in the country's Darfur region. More than 200,000 people have died from violence, disease, and starvation related to the Darfur conflict. In May, Angelides called on CalSTRS to launch an investigation to ensure the pension fund's investments in companies doing business in Sudan are not contributing to genocide and human suffering in Darfur. While PetroChina has denied ties to Sudan, the company's link to the Sudanese government has been widely reported. News sources indicate that PetroChina's parent company, the Chinese-government oil company China National Petroleum Corporation, holds a 40 percent stake in the Sudanese-government created Greater Nile Petroleum Operating Company, which provides revenue to the Sudanese government.

"It is clear that PetroChina's activities demonstrate significant environmental risks, human rights violations and ethical liabilities that present too much risk to CalSTRS and other shareholders and could be damaging to investors over the long term," Angelides added.

In 2000, Treasurer Angelides led an effort – with several large institutional investors including the California Public Employees' Retirement System, TIAA-CREF and the public pension funds of New York – to oppose PetroChina's initial public offering (IPO) on the New York Stock Exchange. Those institutions all refused to invest in the IPO because of financial risks and reports of human rights violations by PetroChina's parent company. Other large investors, including the Illinois and New

Jersey public pension funds and Harvard and Stanford Universities, have since divested their holdings in PetroChina.

According to CalSTRS, the fund held over 27 million shares in PetroChina valued at over $24 million as of July 31, 2005.

A copy of Treasurer Angelides' letter to CalSTRS CIO Ailman is attached.

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PHILIP ANGELIDES
Treasurer
State of California

December 2, 2005

Mr. Christopher J. Ailman
Chief Investment Officer
California State Teachers' Retirement System
7919 Folsom Boulevard
Sacramento, CA 95826

Dear Mr. Ailman:

I am writing to urge the California State Teachers' Retirement System (CalSTRS) to sell its holdings in PetroChina Co., Ltd.

As a CalSTRS trustee, I believe that PetroChina's corporate conduct, operations, and lack of shareholder rights subject our pension fund to unwarranted risk. My long-held concerns have been heightened by the recent news of a major explosion at a PetroChina chemical plant in China, an explosion that contaminated the air and water supply across a large region with toxic chemicals. The dangerous chemical spill was allegedly covered up by company officials and by the Chinese government.

Long before this tragic incident, in 2000, I led an effort – with several large institutional investors including the California Public Employees' Retirement System, TIAA-CREF and the public pension funds of New York – to oppose PetroChina's initial public offering (IPO) on the New York Stock Exchange. Those institutions all refused to invest in the IPO because of financial risks and reports of human rights violations by PetroChina's parent company. Other large investors, including the Illinois and New Jersey public pension funds and Harvard and Stanford Universities, have since divested their holdings in PetroChina. As you know, 90 percent of PetroChina's stock is held by the Chinese-government oil company China National Petroleum Corporation (CNPC). As a result, the Chinese government controls all corporate matters that would require shareholder approval, and shareholders have only limited legal rights in China.

Now, new information has come to light that should be of serious concern to CalSTRS as a PetroChina investor: Just last week it was reported that a November 13, 2005 explosion at a PetroChina chemical plant in northeastern China spilled tons of carcinogenic chemicals into a river that provides the water supply to over 3 million Chinese residents and that the contamination may also spread into Russia. According to news reports, the Chinese government and PetroChina attempted to cover up the danger of the release of chemicals into the air and water posed to Chinese citizens, not admitting the water contamination existed until 10 days after the explosion.

These recent events add to the concerns I have expressed for many months over CalSTRS' investment in PetroChina and other companies with business activities in Sudan because of their possible ties to the genocide in that country. In May of this year, I urged CalSTRS to take appropriate steps to ensure that the fund's holdings in companies doing business in the Sudan are in no part contributing to genocide and human suffering in the Darfur region.

I understand that CalSTRS has engaged with PetroChina to determine its business activities in Sudan, and that PetroChina has denied any involvement in or ties to Sudan. However, according to news reports, the company has clear ties: PetroChina's parent company, CNPC, is a leading partner of the Sudanese government in the production of oil in Sudan, holding a 40 percent stake in the Sudanese-government-created Greater Nile Petroleum Operating Company. This oil production, in turn, provides revenue to the Sudanese government that has engaged in war crimes and systematic attacks against civilians. It is estimated that this conflict has claimed more than 200,000 lives and resulted in the displacement of approximately two million people.

In light of all the above, it is clear that PetroChina's activities demonstrate significant environmental risks, human rights violations and ethical liabilities that present too much risk to CalSTRS and other shareholders and could be damaging to investors over the long term. PetroChina's reluctance to disclose the nature of its Sudan business operations and the apparent cover-up of the disastrous chemical spill in China should be deeply troubling to shareholders.

Again, I urge CalSTRS to sell its PetroChina holdings. If these holdings have not been sold by the next Board meeting, I would appreciate this matter being placed on the Investment Committee agenda at that meeting. Please feel free to contact me or Deputy Treasurer Dennis Trujillo at (916) 653-2995 if my office can provide any additional information.

Thank you for your consideration.

Sincerely,

Phil Angelides
State Treasurer

cc: Honorable Board Members
Jack Ehnes, Chief Executive Officer